

**Purpose:**

- 1 To establish guidelines for the issuance and monitoring of new debt.

**Policy Statement:**

- 2 Debt is not used to fund ongoing operating expenses, with the exception of a bank overdraft and land for the Land Bank operations.
- 3 Capital projects for Debt financing are identified through the budget process.
  - (1) Debt financing is only considered if other sources of funds are insufficient to balance the Capital Budget & Capital Plans as a whole.
  - (2) Projects may be bundled to achieve a total cost of greater than \$1M when the Capital Project Reserve (CPR) has been depleted in the ten year forecast. These projects are approved on one borrowing bylaw.
  - (3) New borrowing may be approved along with grant funding if the grant funding is uncertain or subject to change.
- 4 The Chief Financial Officer approves all debt funding requests to Council.
- 5 Debt for capital projects in utility operations is reviewed considering the debt/equity ratio in Utility Policy and the sustainability of the Capital Reserves over the next ten years.
- 6 Debenture costs for capital projects in tax supported operations are not part of the department costs, but rather General Programs.
- 7 All reserves required to make debt repayment are reviewed annually for sustainability. This occurs when the Capital Budget and Ten Year Plan are prepared.
- 8 The repayment term matches the useful life of the asset, subject to limitation of the Alberta Capital Finance Authority (ACFA).
- 9 Debt is reported quarterly to the Audit Committee.
- 10 The City's preferred lender is the ACFA.
- 11 Borrowing bylaws require Council Approval.

**Definitions:**

- 12 Capital Project: A distinct bundle of work defined by geographic location, classification as an annual program, or a dollar value.

13 Debt: The amount borrowed for a capital project which may have more than one debenture issued.

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**References/Links:**

- 1 GP-F-2.2 Debt
- 2 PS-A-2.7 Utility Policy
- 3 5315-CP Borrowing
- 4 5315-CP Internal Borrowing
- 5 5322-CA Use of Construction Financing for Capital Projects
- 6 5352-C Debenture Interest Rates

**Scope/Application:**

- 1 This policy applies to all staff involved with corporate borrowing.

**Authority/Responsibility to Implement:**

- 1 Chief Financial Officer

**Inquiries/Contact Person:**

- 1 Chief Financial Officer

**Policy Monitoring and Evaluation:**

- 1 This policy will be evaluated every three years with revisions made as required.

**Approval History:**

<b>Date</b>	<b>Approved/Reviewed By:</b>	<b>Title:</b>
January 23, 2006	"Norbert Van Wyk"	City Manager
Revised: May 2, 2018	"Craig Curtis"	City Manager